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FIRST COUNTRY COOPERATION FRAMEWORK FOR SAINT HELENA (1997-1999)

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INTRODUCTION

1. This first country cooperation framework (CCF) for Saint Helena outlines how UNDP can best support national goals and development priorities in ways consistent with the organization's mandate and comparative advantages. The result of a broad consultative process, the CCF outlines the agreed strategy and areas of focus for the use of UNDP-managed resources for the three-year period 1997-1999.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Saint Helena is a remote island in the South Atlantic, some 1,900 kilometres west of Angola. It is linked, for administrative purposes only and through the Governor of Saint Helena, with the British Dependent Territories of Ascension Island (1,200 kilometres to the northwest) and the Tristan de Cunha Group (2,400 kilometres to the south). Saint Helena comprises a land area of 122 square kilometres. Approximately 26 per cent of the island's total 1995 estimated population of 5,131 live in or around the capital, Jamestown. Saint Helena has no airport, although there are airstrips on Ascension Island, which are run by the air forces of the United Kingdom and the United States. Access to the island is gained by sea, on the Royal Merchant Ship Saint Helena, which makes four round-trip voyages per year among the United Kingdom, Cape Town (South Africa), Tenerife (Canary Islands), Ascension Island and Saint Helena.

3. Saint Helena's is an aid-dependent economy, relying upon resources from the United Kingdom for approximately 30 per cent of its 1997-1998 public sector recurrent budget. Virtually all of Saint Helena's capital investment and the majority of the technical cooperation it receives is funded by the United Kingdom's Overseas Development Administration (ODA), the European Union, and UNDP. Through this external aid, the population of Saint Helena is able to enjoy a higher standard of living than would be possible to sustain from local resources.

4. In the 1994-1995 fiscal year, more than one third of the island's $35 million total domestic final expenditure (a measure of total consumption in the economy) was financed by aid from the United Kingdom. Aid from the United Kingdom is even more important in the context of the island's private sector, which is largely a servicing vehicle for the spending power created through public sector employment. In recent years, however, both the cash value and the real value of aid from the United Kingdom has declined considerably, with negative consequences for the economy of Saint Helena. In the past three years, the island's gross domestic product has declined by approximately 2 to 3 per cent.

5. At the same time, unemployment on the island has risen from 7.8 per cent of the total domestic workforce in 1991, to 17.4 per cent in May 1996. A large part of the increase in unemployment is due to reductions in public-sector employment (which declined from 1,513 jobs in 1991 to 1,260 jobs in 1996), owing

to less employment of full-time and part-time/temporary workers and the ending of several labour-intensive projects financed by development aid.

6. The situation will be exacerbated during the next five years by demographic changes. Between fiscal years 1996-1997 and 2000-2001, it is estimated that 505 people will join the domestic workforce, while only 330 persons will leave the workforce (due to offshore employment, retirement or death). These changing demographics will result in a net increase in the workforce of 175 persons; employment will therefore likely increase to more than 20 per cent if preventive actions to ensure sustainable livelihoods are not taken.

7. Because government data is not disaggregated by gender, it is not clear whether either gender has been affected disproportionately by unemployment, or whether either men or women are likely to be more adversely affected by the pending demographic changes.

II. RESULTS AND LESSONS OF PAST COOPERATION

8. The second country programme for Saint Helena (1993-1996) focused on developing national capacities in two areas: (a) sustainable livelihoods; and (b) ensuring social protection throughout the transition from an aid-dependent economy dominated by the public sector, to a self-financing economy in which the private sector has an expanded role.

9. During the course of the second country programme, a livestock project, executed by the Government, was designed to support the island's livestock production sector. Activities to improve slaughterhouses and pasture lands have been completed. Other activities related to cattle production, poultry breeding, and a quarantine station were initiated in early 1997.

10. A preparatory assistance project on the development of tourism, executed by the World Tourism Organization (WTO), was initiated in order to develop a project to provide wide-ranging support to the development of the island's fledgling tourism industry. Consultants undertook field work in the first quarter of 1997, and have prepared a report for consideration by the Government and UNDP.

11. A project on the implementation of a social security scheme, executed by the International Labour Organization (ILO), was designed to establish both a national, contribution-based social security scheme and the associated institutional framework to provide benefits and services to the population of Saint Helena. Field work was undertaken by ILO from April to July 1995, and a detailed report was issued to the Government in February 1996. The second phase of the project - technical assistance for its implementation - is dependent on the enactment of legislation to establish the scheme. The project, therefore, has been postponed, while the Government considers whether and how to undertake the long-term financial commitment that the scheme would entail.

12. The experience gained during the second country programme for Saint Helena was mixed. While the projects achieved certain of their objectives, in most cases, timetables were not met because of delays in implementation caused

largely by: (a) the inaccessibility of the island, which lengthens the delivery time for key inputs; (b) the lack of capacity in project management of the government counterpart agencies; and (c) the Government's need to undertake high-level policy changes and to interface closely with ODA. In addition, there is no UNDP presence in the country, which hampers follow-up on programme issues.

13. Because of the Government's limited experience with the national execution modality, insufficient attention has been paid to the reporting of achievements and qualitative assessments. Since no systematic, substantive assessment of project operations and impact for either government- or agency-executed projects took place during the second country programme, it is recommended that, during the period covered by the first CCF, special attention be given to substantive monitoring and evaluation, especially in terms of the substance and impact of UNDP-funded activities.

III. PROPOSED STRATEGY AND THEMATIC AREAS

A. Overall strategy for UNDP cooperation

14. In formulating a strategy for UNDP cooperation with the Government of Saint Helena, a careful analysis was made of the island's current and emerging national priorities, the UNDP thematic areas of sustainable human development, and the assistance currently being provided from other sources. Given the country's efforts to increase the role of its private sector and to mitigate unemployment, it was agreed that a focus on employment and sustainable livelihoods would present the best prospect for the efficient use of UNDP resources. The emphasis will be on activities in private sector development, with special emphasis on enterprises linked to tourism.

B. Justification

15. The Government has identified unemployment as the key challenge the island will face in the next five years. It has identified private-sector development as a key strategy to address the problem. UNDP will provide support for the development of small- and medium-scale enterprises as engines of private-sector growth, and generators of employment opportunities. A fundamental principle underlying this support will be the goal of providing equal opportunities for both men and women.

16. A primary thrust will be the development of the island's tourism industry, using a high-value, low-volume approach that will attempt to minimize negative impacts on the culture, heritage and natural environment of the island or on the welfare of its people. The tourism industry is currently estimated to be worth about $448,000 in annual income to the island, and accounts for the equivalent of 50 full-time jobs (about 6 per cent of existing private sector jobs). A 1993 review of the potential benefits of tourism for the island estimated that by the end of a five-year programme, tourism could produce approximately $1.5 million in annual income, and could create the equivalent of 130 full-time jobs. It is expected that enterprises and jobs will be created in such areas as hospitality, handicrafts and tourist-support services.

17. In addition to tourism-development activities, private sector development will be enhanced through the provision of technical assistance and training to the Government in capacity-building, institution-building, small- and medium-scale enterprise development and public sector management and reform. Those affected by the recent reductions in government employment will be among the target beneficiaries for the project.

18. The country will also produce its first national human development report in 1998-1999. In preparation for this endeavour, gender-disaggregated data for a number of variables will be collected and analysed. The data generated by preparation of the report will provide new insights into the development situation on the island and will allow for more effective targeting of development resources.

C. Performance measures

19. Measurements of the success of activities under the first CCF include: (a) the number of new small- and medium-scale enterprises, especially those related to tourism; and (b) the number of new jobs generated by the private sector in the specific areas of focus of UNDP-supported projects.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation arrangements

20. Given the limited experience of government counterpart agencies with the national execution modality, a combination of government execution and United Nations agency implementation will be the preferred modality during the first years of the CCF. Appropriate training will be provided for national project managers and financial officers on accounting, reporting and implementation strategies, in order to ensure that accounting and auditing requirements are met and to address implementation issues encountered in the past. National execution will be expanded as capacity is built within the counterpart national agencies.

21. Implementation of the programme will be organized into two umbrella projects: (a) tourism development and (b) technical assistance and training. Both projects will contain components that specifically address the special circumstances of women and other vulnerable populations. The projects will be executed by the Government, however, appropriate budget lines will be implemented by Bodies such as the World Trade Organization and the International Labour Organization. Implementation modalities such as the United Nations Volunteer programme, Transfer of Knowledge through Expatriate Nationals, United Nations Short-Term Advisory Resources and technical cooperation among developing countries will be used whenever possible. The programme will continue to be backstopped by the Regional Bureau for Europe and the Commonwealth of Independent States in New York.

Programme monitoring and review

22. Projects will be reviewed regularly in order to ensure that targets and benchmarks are fixed and that they are fully results-oriented. Progress reports will be submitted according to standard UNDP requirements: annual progress and performance evaluation reports; terminal reports at the end of each project; and technical reports as required. Monitoring visits and tripartite review meetings will be conducted on a regular basis, and evaluations will be carried out as necessary.

Resources

23. The possibility of coordination of development cooperation with ODA will be pursued. The Government of the United Kingdom is planning to finance a tourism infrastructure development project to rehabilitate key tourist attractions on the island and to improve tourism amenities. The project will be designed to coincide with and complement UNDP-supported activities in tourism.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR SAINT HELENA (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	1 263	
TRAC 1.1.1	290	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	40	
Subtotal	1 593[a]	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds	-	
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	-	
GRAND TOTAL	1 593[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.